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T.R.A. DOCKET ROOM

Reply to
Nashville Office

February 1, 2005

Chairman Pat Miller
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Petition of King's Chapel Capacity, LLC for Certificate of Convenience and Necessity to
Serve an Area in Williamson County. Tennessee Known as Ashby Community
Docket No. 04-00335

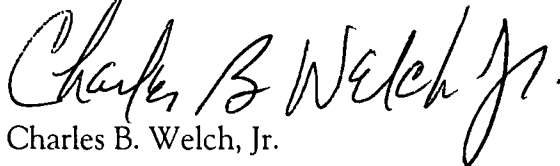
Dear Chairman Miller:

During oral argument on January 31, 2005 in the referenced docket, the letters addressed to Mr. Robert Pickney and Mr. John Powell from the Department of Environment and Conservation regarding the issuance of State Operating Permits ("SOP"), were requested. Please find enclosed 14 copies of those letters. Please date and stamp a copy for our records.

Thank you for your assistance regarding this matter. If you have any questions, or if I may be of further assistance, please do not hesitate to contact me.

Very truly yours,

FARRIS MATHEWS BRANAN
BOBANGO HELLEN & DUNLAP, PLC


Charles B. Welch, Jr.

CBW/jj
Enclosure

cc: Henry Walker
Richard Militana



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
401 Church Street
Nashville, Tennessee 37243

NOTICE OF INTENT TO SUSPEND PERMIT

January 26, 2005

Mr. Robert J. Pickney, P.E.
Tennessee Wastewater, Inc.
7638 River Road Pike
Nashville, TN 37209

By Certified Mail, Return Receipt Requested
Receipt No. 7099 3220 007 9323 3384

State Operating Permit No. SOP-03032
Onsite Systems, Inc. - Arrington Meadows
College Grove, Williamson County, Tennessee

The Division of Water Pollution Control (WPC) received a permit application from Onsite Systems, Inc. for a wastewater treatment system to serve a 200-lt subdivision located near Arrington, Tennessee. The Division issued the above referenced permit to Onsite Systems, Inc. on September 11, 2004, No. SOP 03032. On September 23, 2004 the Division received a permit application from Kings Chapel Community Association for the operation of the same wastewater treatment system to serve the same subdivision, Tracking No. SOP-4056. The Division has also received a letter requesting that the application be amended to include an entity, Kings Chapel Capacity, LLC that has applied for a certificate of convenience and necessity from the Tennessee Regulatory Authority.

Prior to the date Onsite Systems, Inc. submitted its application, the name of the corporation had been changed to Tennessee Wastewater, Inc.

The division is also aware that there is litigation between Tennessee Wastewater, Inc. (together with an affiliated corporation) and the property developers, Mr. John Powell, Elaine Powell, and C. Wright Pinson and their Limited Liability Companies regarding payment for construction of the treatment facility and who will own and/or operate the system. Tennessee Wastewater filed a civil action in the Williamson County Chancery Court in November 2004 asserting that the developers had wrongfully failed to pay for work done and to transfer ownership of the facility to them. The plaintiffs' claim is based, at least in part, on a contract and Williamson County regulations. The defendants have filed documents asserting, among other things, that the action should be dismissed, that they have paid all or more than the plaintiffs are entitled to receive. The defendants' position is based, at least in part, on Tennessee statutes governing licensed contractors administered by the Department of Commerce and Insurance.

Notice of Permit Suspension
Page 2

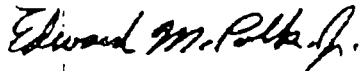
As can be seen from this brief recitation of the positions of the parties to this litigation, the ownership and right to operate the facility for which both sides seek a permit from the Department is at the core of this litigation. However, the parties' positions are based on laws over which the department has no jurisdiction or authority to decide. The Williamson County Chancery Court is an appropriate place for the controversy to be resolved. Pending a final ruling in the litigation regarding who will rightfully own and operate the treatment facility, the Department is giving notice that it intends to take the following action:

In accordance with TCA 69-3-108(f) and 4-5-320(c), in the absence of an appeal to the Water Quality Control Board, the Department will suspend the permit issued to Onsite Systems (SOP-03032) for the above stated causes

This suspension will become effective 30 days from the receipt of this notice of intent to suspend permit, in the event that you have not filed an appeal. You have the right to file such an appeal to the Water Quality Control Board by filing it with the undersigned within 30 days from your receipt of this letter. At such a hearing you would have the right to be represented by counsel, subpoena and question witnesses, and to present evidence

The division is also ceasing processing of the permit application (Tracking No SOP-04056) for The Kings Chapel Community Association. See attached letter. If you have any questions regarding this action, please don't hesitate to contact me at (615) 532-1178.

Signed this 27th day of January, 2005



Edward M. Polk, Jr
Manager, Permit Section
Division of Water Pollution Control

Cc Sharon Jacobs
John Powell



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
401 Church Street
Nashville, Tennessee 37243

January 26, 2005

Mr. John Powell
Kings Chapel Community Association, Inc.
1413 Plymouth Drive
Brentwood, TN 37027

RE: Kings Chapel Community Association
Permit Application Tracking No. SOP-04056
College Grove, Williamson County, Tennessee

Dear Mr. Powell

The Division of Water Pollution Control (WPC) received a permit application from Onsite Systems, Inc. for a wastewater treatment system to serve a 200-lot subdivision located near Arrington, Tennessee. The Division issued the above referenced permit to Onsite Systems, Inc. on September 11, 2004, No. SOP 03032. On September 23, 2004 the Division received a permit application from Kings Chapel Community Association for the operation of the same wastewater treatment system to serve the same subdivision, Tracking No. SOP-04056. The Division has also received a letter requesting that the application be amended to include an entity, Kings Chapel Capacity, LLC that has applied for a certificate of convenience and necessity from the Tennessee Regulatory Authority.

Prior to the date Onsite Systems, Inc. submitted the application, the name of the corporation had been changed to Tennessee Wastewater, Inc.

The division is aware that there is litigation between Tennessee Wastewater, Inc. (together with an affiliated corporation) and the property developers, Mr. John Powell, Elaine Powell, and C. Wright Pinson and their Limited Liability Companies regarding payment for construction of the treatment facility and who will own and/or operate the system. Tennessee Wastewater filed a civil action in the Williamson County Chancery Court in November 2004 asserting that the developers had wrongfully failed to pay for work done and to transfer ownership of the facility to them. The plaintiffs' claim is based, at least in part, on a contract and Williamson County regulations. The defendants have filed documents asserting, among other things, that the action should be dismissed, that they have paid all or more than the plaintiffs are entitled to receive. The defendants' position is based, at least in part, on Tennessee statutes governing licensed contractors administered by the Department of Commerce and Insurance.

Mr John Powell

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As can be seen from this brief recitation of the positions of the parties to this litigation, the ownership and right to operate the facility for which both sides seek a permit from the Department is at the core of this litigation. However, the parties' positions are based on laws over which the department has no jurisdiction or authority to decide. The Williamson County Chancery Court is an appropriate place for the controversy to be resolved. Pending a final ruling in the litigation regarding who will rightfully own and operate the treatment facility, the Division is taking the following action:

The Division is ceasing processing the permit application filed by Kings Chapel Community Association, tracking number SOP 04056 for the above stated causes.

The department has also issued its intention to suspend the permit issued to Onsite Systems, Inc. See attached letter. If you have any questions regarding this action, please don't hesitate to contact me at (615) 532-1178.

Sincerely,

Edward M. Polk, Jr.

Edward M. Polk, Jr.
Manager, Permit Section
Division of Water Pollution Control

Cc : Richard Militana
Robert Pickney